REPORT OF

COUNTY EMPLOYEES' RETIREMENT FUND

DECEMBER 31, 2010 and 2009

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
County Employees' Retirement Fund

We have audited the accompanying statements of plan net assets of the County Employees' Retirement Fund ("CERF") as of December 31, 2010 and 2009, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of CERF's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of County Employees' Retirement Fund as of December 31, 2010 and 2009, and the changes in plan net assets for the years then ended, in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis, and the schedules of funding progress and employer contributions are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included on pages 21 - 22 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Williams-Keepers LLC

May 17, 2011

COUNTY EMPLOYEES' RETIREMENT FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (MD&A) of the County Employees' Retirement Fund's (CERF) financial performance provides an introduction to the financial statements of CERF for the years ended December 31, 2010 and 2009. Since the MD&A is designed to focus on current activities, resulting changes and current known facts, please read it in conjunction with the financial statements.

Required Financial Statements

CERF, a public employees' retirement plan, prepares its financial statements on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board. The Statement of Plan Net Assets includes all of CERF's assets and liabilities and provides information about the nature and amount of investments available to satisfy the pension benefits of the plan. All additions to and deductions from the net assets held in trust for pension benefits are accounted for in the Statement of Changes in Plan Net Assets. This statement measures CERF's success over the past year in increasing the net assets available for pension benefits.

Financial Analysis of CERF

While the Statement of Plan Net Assets and Statement of Changes in Plan Net Assets measure the value of plan net assets and the changes to them, another important factor needs to be considered in order to determine the financial health of CERF. That additional factor is the plan's funded status. In 2010, contributions combined with net investment income and securities lending losses totaling $66,241,880 exceeded deductions of $22,831,031. A net increase of $43,410,849 brought the Plan's net asset base to $304,190,172. For actuarial calculations, certain assumptions were changed beginning in 2008, based on a six-year experience study. Specifically, the salary increase assumption was strengthened, the member turnover assumption was increased, and the retirement age assumption was modified. A 5-year smoothing method to derive the actuarial asset value was also adopted. The plan is not 100% funded at present, as it is a relatively new plan created by legislation in August, 1994 and the CERF plan granted past service credit. Our funded position had steadily improved since inception, enabling CERF to make improvements to plan benefits effective October 1, 2007. The cost of these benefit enhancements continue to be reflected in this recent actuarial valuation. At June 30, 2010, the date of the latest actuarial valuation, the actuarial value of assets was $294,482,927, while the fair market value of assets was $259,165,927. The aggregate actuarial liability for CERF was $423,561,319, based on plan members' projected compensation. On an actuarial basis, the assets held as of June 30, 2010 currently fund 70% of this liability. This is an increase from the funding ratio of 68% for June 30, 2009, which reflects improved market performance during the latter part of 2009. If a ratio of the actuarial value of assets to the actuarial present value of accrued benefits based on plan members' current compensation is used, the funding ratio increases from 78% as of June 30, 2009, to 82% as of June 30, 2010.

Plan Net Assets

To begin the financial analysis, a summary of CERF's Plan Net Assets is as follows:

Condensed Statements of Plan Net Assets
(in $000's)

	2010	2009	Dollar Change	Percent Change
Cash and cash equivalents	$ 1,689	$ 1,670	$ 19	1%
Receivables	4,719	4,307	412	10%
Investments	299,365	255,763	43,602	17%
Invested securities lending collateral	66,341	65,086	1,255	2%
Other assets	10	5	5	100%
Capital assets, net	3,602	3,704	(102)	-3%
Total assets	375,726	330,535	45,191	14%
Liabilities	71,536	69,756	1,780	3%
Total plan net assets	$ 304,190	$ 260,779	$ 43,411	17%

Plan net assets increased by $43,410,849, or 17%, in 2010. This increase reflects investment gains experienced during 2010 from improved market return.

The following table presents the investment allocation for 2010 and 2009, and CERF's target allocation for 2010. CERF considers its land and administrative office building to be part of its real estate investment portfolio, whereas they are classified as capital assets in the financial statements. These percentages for 2010 are based on including the land and building at the 2010 appraisal amount and for 2009 at cost with no depreciation. The percentages are also based on classifying temporarily uninvested cash in each investment fund as part of CERF's overall category, whereas such cash is classified as cash equivalents in the financial statements. Otherwise, these percentages may reflect some minor differences in classifications among categories as compared to the classifications used for investments in the accompanying financial statements.

	2010	2009	Target
Fixed Income	29.0%	30.7%	30.0%
U. S. Equities	40.2%	38.7%	35.0%
International Equities	15.4%	16.4%	15.0%
Private Equities	0.8%	0.7%	5.0%
Equity Long/Short	9.2%	9.1%	10.0%
Real Estate	3.7%	3.4%	5.0%
Cash	1.7%	1.0%	*

*The investment policy permits up to 3% of the portfolio to be in cash and cash equivalents.

Condensed Statements of Plan Net Assets
(in $000's)

	2009	2008	Dollar Change	Percent Change
Cash and cash equivalents	$ 1,670	$ 1,634	$ 36	2%
Receivables	4,307	3,957	350	9%
Investments	255,763	201,037	54,726	27%
Invested securities lending collateral	65,086	30,698	34,388	112%
Other assets	5	8	(3)	-38%
Capital assets, net	3,704	3,880	(176)	-5%
Total assets	330,535	241,214	89,321	37%
Liabilities	69,756	36,368	33,388	92%
Total plan net assets	$ 260,779	$ 204,846	$ 55,933	27%

Plan net assets increased by $55,933,207, or 27%, in 2009. This increase reflects investment gains experienced during 2009 from improved market return.

The following table presents the investment allocation for 2009 and 2008, and CERF's target allocation for 2009. CERF considers its land and administrative office building to be part of its real estate investment portfolio, whereas they are classified as capital assets in the financial statements. These percentages are based on including the land and building at cost, with no depreciation, and classifying temporarily uninvested cash in each investment fund as part of CERF's overall category, whereas such cash is classified as cash equivalents in the financial statements. Otherwise, these percentages may reflect some minor differences in classifications among categories as compared to the classifications used for investments in the accompanying financial statements:

	2009	2008	Target
Fixed Income	30.7%	34.8%	30.0%
U. S. Equities	38.7%	34.1%	35.0%
International Equities	16.4%	13.5%	15.0%
Private Equities	0.7%	0.0%	5.0%
Equity Long/Short	9.1%	9.7%	10.0%
Real Estate	3.4%	5.9%	5.0%
Cash	1.0%	2.0%	*

*The investment policy permits up to 3% of the portfolio to be in cash and cash equivalents.

Condensed Statements of Changes in Plan Net Assets
(in $000's)

	2010	2009	Dollar Change	Percent Change
Additions:				
Contributions:				
Counties receipts	$ 19,740	$ 20,225	$ (485)	-2%
By members	8,406	8,335	71	1%
For members, paid by counties	1,078	784	294	38%
Members, purchase of prior service	75	92	(17)	-18%
Total contributions	29,299	29,436	(137)	0%
Net investment income	37,188	48,218	(11,030)	-23%
Net securities lending activities	(250)	(375)	125	33%
Other income	5	123	(118)	-96%
Total additions	66,242	77,402	(11,160)	-14%
Deductions:				
Benefits	$ 16,246	$ 14,999	$ 1,247	8%
Refunds	2,616	2,545	71	3%
Defined contribution plan match	2,127	2,006	121	6%
Administrative expenses	1,842	1,919	(77)	-4%
Total deductions	22,831	21,469	1,362	6%
Net increase (decrease)	$ 43,411	$ 55,933	$ (12,522)	-22%

Condensed Statements of Changes in Plan Net Assets
(in $000's)

	2009	2008	Dollar Change	Percent Change
Additions:				
Contributions:				
Counties receipts	$ 20,225	$ 20,053	$ 172	1%
By members	8,335	7,717	618	8%
For members, paid by counties	784	739	45	6%
Members, purchase of prior service	92	123	(31)	-25%
Total contributions	29,436	28,632	804	3%
Net investment income (loss)	48,218	(59,670)	107,888	181%
Net securities lending activities	(375)	(2,014)	1,639	81%
Other income	123	-	123	
Total additions	77,402	(33,052)	110,455	334%

	2009	2008	Dollar Change	Percent Change
Deductions:				
Benefits	$ 14,999	$ 13,180	$ 1,819	14%
Refunds	2,545	2,228	317	14%
Defined contribution plan match	2,006	1,946	60	3%
Administrative expenses	1,919	1,985	(66)	-3%
Total deductions	21,469	19,339	2,130	11%
Net (decrease) increase	$ 55,933	$ (52,391)	$ 108,325	207%

Additions

Additions needed to fund benefits are accumulated through contributions, which includes both county fee receipts and employee contributions, and returns on invested funds. Contributions for 2010 totaled $29,299,368 which was .5% below those received in 2009. Contributions for 2009 totaled $29,436,493, which was 3% above those received in 2008. Due to the legislation which took effect in 2003, as new employees continue to replace employees hired prior to February 25, 2002, employee contributions are expected to continue to rise.

The year 2010 was strong for domestic stocks and commercial real estate, but relatively weak for international stocks. The $11,030,103 decrease in net investment income in 2010, as compared to 2009, is attributable to a more normalized market environment in 2010. For example, the S&P 500 Index returned 26.4% in 2009, and decreased to 15.1% in 2010. Similarly, the MSCI EAFE Index gained 32.5% in 2009 and gained just 8.2% in 2010. Consequently, the total rate of return for the CERF portfolio in 2010 was 14.7%, as compared to 23.9% in 2009. CERF's Large Cap U.S. Equities returned 22.2%, as compared to 15.1% for the S&P 500 Index. The Small/Mid Cap U.S. Equities returned 31.5%, as compared to 26.7% for the Russell 2500 Index. The fixed income portfolio returned 10.1%, as compared to 6.6% for the Barclays Capital Aggregate Index. CERF's international stock portfolio returned 6.1%, as compared to 8.2% for the MSCI EAFE Index. The Equity Long/Short position returned 6.8%, as compared to 15.1% for the S&P 500 Index. CERF's Private Equity investment returned 3.1% as compared to the S&P 500 of 15.1%. The Real Estate portfolio consists of an investment in core real estate, as well as CERF's office building. In 2010, the core real estate investment returned 19.1%, as compared to the NFI ODCE Index return of 15.3%. The office building was appraised in mid-2010 with a market value of $3,500,000. The return on investment in CERF's office building will continue to be recognized as periodic appraisals are conducted every five years.

The year 2009 was a transitional year for CERF, as two investment managers were added, one as a replacement manager for Large Cap U.S. Equity and the other as a new private equity asset class, which was funded in October 2009. The $107,888,311 increase in net investment income in 2009, as compared to 2008, is attributable to a stronger overall market environment for stocks in 2009. For example, the S&P 500 Index returned (37.0)%.in 2008, but dramatically increased to 26.4% in 2009. Similarly, the MSCI EAFE Index lost (43.1)% in 2008 and gained 32.5% in 2009. Consequently, the total rate of return for the CERF portfolio in 2009 was 23.9%, as compared to (22.9)% in 2008. CERF's Large Cap U.S. Equities returned 42.8%, as compared to 26.4% for the S & P 500 Index. The Small/Mid Cap U.S. Equities returned 34.1%, as compared to 34.4% for the Russell 2500 Index. The fixed income portfolio returned 15.1%, as compared to 5.9% for the Barclays Capital Aggregate Index. CERF's international stock portfolio returned 28.3%, as compared to 32.5% for the MSCI EAFE Index. The Equity Long/Short position returned 14.5%, as compared to 26.4% for the S & P 500 Index. The Real Estate portfolio consists of an investment in core real estate, as well as CERF's office building. In 2009, the core real estate investment returned (38.7)%, as compared to the NFI ODCE Index return of (30.3)%. The return on investment in CERF's office building will be recognized as periodic appraisals are conducted, which are anticipated to be done every five years.

Other income of $123,198 in 2009 consists of payments from CERF's insurance carrier related to legal expenses incurred in prior years for certain covered matters. Because reimbursement could not be assured or reliably estimated when those prior year financial statements were issued, these amounts were not reported until the recoveries were received from the insurance carrier.

Beginning in January 2006, the Board of Directors authorized CERF to enter into a Securities Lending Agreement with Key Bank, thus allowing CERF to lend its securities to broker-dealers, for the purpose of providing additional income to CERF. In 2010, CERF experienced a net unrealized securities lending loss of $250,079, as compared to a loss of $375,266 in 2009. The losses were a result of decreases in the fair value of investments purchased with the collateral received in the lending transactions.

When comparing returns, it is important to note that CERF's investment objectives should be pursued as long-term goals designed to maximize return while reducing exposure to undue risk, as set out in the Board's investment policy. At a minimum, it is the objective of CERF to meet its actuarial interest assumption on an ongoing basis. Currently, the actuarial assumption for investment return is 8%. The desired objective on a long-term basis is to achieve an excess return over the actuarial assumption of 1%, which is an absolute objective of 9%, net of investment management fees and transaction costs. Long term is defined as greater than 10 years. Some of the results for the total fund are:

Period	Returns	Other Public Funds
One Year	14.7%	14th Percentile
Three Years	3.1%	14nd Percentile
Five Years	5.8%	5th Percentile
Ten Years	5.8%	13th Percentile
Since Inception	9.1%	

Deductions

The expenses paid by CERF include benefit payments, refunds, a defined contribution plan match, and administrative expenses.

Expenses for 2010 totaled $22,831,031, an increase of $1,360,997 over 2009. The increase in benefit payments to members and beneficiaries resulted primarily from growth in the number of annuitants to 3,144 in 2010 from 2,926 in 2009 (an increase of 218 payees), as well as an increase in the amount of the average benefit. There was also an increase of $121,021 in the amount necessary to make the defined contribution plan match for 2010.

Expenses for 2009 totaled $21,469,411, an increase of $2,130,768 over 2008. The increase in benefit payments to members and beneficiaries resulted primarily from growth in the number of annuitants to 2,926 in 2009 from 2,619 in 2008 (an increase of 307 payees), as well as an increase in the amount of the average benefit. There was also an increase in the dollar amount of contributions refunded to terminated non-vested employees in 2009.

Economic Outlook

CERF's estimated investment return for the three months ended March 31, 2011, is approximately 4.5%. CERF's investments as of March 31, 2011 total approximately $318,065,000, an increase of $14,076,000 since December 31, 2010, due to first quarter appreciable investment return and plan contributions. For the first quarter 2011, the S&P 500 Index return was 5.9%, the Barclays Capital Aggregate Index was 0.4%, the Russell 2500 was 8.7%, the NFI ODCE Index was 3.9%, and the MSCI EAFE Index was 3.4%.

COUNTY EMPLOYEES' RETIREMENT FUND

STATEMENTS OF PLAN NET ASSETS
December 31, 2010 and 2009

	2010	2009
ASSETS		
Cash	$ 1,689,041	$ 1,670,557
Receivables:		
Member contributions	324,668	403,496
Member prior service contributions	140,599	161,959
County contributions	2,630,362	2,711,874
Receivable for pending investment sales	854,718	469,962
Accrued interest and dividends	768,509	559,398
Total receivables	4,718,856	4,306,689
Investments, at fair value:		
U.S. government and agencies	16,172,958	16,404,476
Foreign bonds	7,291,299	3,791,806
Corporate bonds	24,008,816	22,182,079
Domestic stocks	116,857,296	96,333,015
International equities funds	46,915,852	42,778,792
Private equity	1,758,387	1,662,804
Hedge funds	67,669,259	60,037,227
Real estate fund	7,781,580	4,975,007
Cash equivalents	10,909,431	7,597,933
Total investments	299,364,878	255,763,139
Invested securities lending collateral	66,341,156	65,086,203
Other assets	10,472	4,625
Capital assets, net of accumulated depreciation of $2,094,579 and $1,988,886	3,602,192	3,703,825
Total assets	375,726,595	330,535,038
LIABILITIES		
Accounts payable	371,783	331,695
Accrued defined contribution plan contribution	2,126,632	2,005,611
Other accrued expenses	109,939	87,754
Deferred revenue	187,810	213,299
Payable for pending investment purchases	463,805	482,609
Collateral for securities on loan	68,276,454	66,634,747
Total liabilities	71,536,423	69,755,715
Net assets held in trust for pension benefits	$ 304,190,172	$ 260,779,323

(A schedule of funding progress is presented on page 20)

The notes to financial statements are an integral part of these statements

COUNTY EMPLOYEES' RETIREMENT FUND

STATEMENTS OF CHANGES IN PLAN NET ASSETS
For the Years Ended December 31, 2010 and 2009

	2010	2009
ADDITIONS:		
Contributions:		
County receipts	$ 19,739,918	$ 20,224,734
By members	8,405,810	8,335,338
For members, paid by counties	1,078,475	783,752
Members, purchase of prior service	75,165	92,669
Total contributions	29,299,368	29,436,493
Investment income (loss):		
Investing activities:		
Net appreciation in fair value of investments	33,471,199	44,367,766
Fixed income securities	2,650,218	2,666,918
Equity securities	2,611,324	2,364,870
Alternative investments	(139,009)	-
Other miscellaneous income	71,592	44,367
Total investment income	38,665,324	49,443,921
Investment expenses	(1,477,234)	(1,225,728)
Net income from investing activities	37,188,090	48,218,193
Securities lending activities:		
Income	240,843	284,295
Expenses	(154,944)	(227,820)
Net decrease in fair value of re-invested collateral	(335,978)	(431,741)
Net (loss) from securities lending activities	(250,079)	(375,266)
Total net investment income	36,938,011	47,842,927
Other income	4,501	123,198
Total additions	66,241,880	77,402,618
DEDUCTIONS:		
Benefits	16,246,166	14,999,256
Refunds of member contributions	2,616,254	2,545,500
Defined contribution plan matching contribution	2,126,632	2,005,611
Administrative expense	1,841,979	1,919,044
Total deductions	22,831,031	21,469,411
Net increase	43,410,849	55,933,207
Net assets held in trust for pension benefits		
Beginning of year	260,779,323	204,846,116
End of year	$ 304,190,172	$ 260,779,323

COUNTY EMPLOYEES' RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The County Employees' Retirement Fund ("CERF") financial statements are prepared using the accrual basis of accounting. Member and employer contributions are recognized in the period in which the contributions are due. Benefits are recognized when due and payable in accordance with the terms of the plan. Expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

Method Used to Value Investments: Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Bonds and stocks traded on a national or international exchange are valued at the last reported sales price at current exchange rates as reported by independent pricing services. The values of real estate included in the real estate fund investment are based upon annual independent appraisals, updated quarterly, as provided by the fund manager. Investments that do not have an established market are reported at estimated fair value as provided by investment or fund managers.

Property and Equipment: Property and equipment, including computer software programs, are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated lives of the assets of from three to fifty years.

Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

2. PLAN DESCRIPTION

CERF was established by an act of the Missouri General Assembly effective August 28, 1994. Laws governing the retirement fund are found in Sections 50.1000-50.1300 of the Missouri Revised Statutes (RSMo). The Board of Directors consists of eleven members, nine of whom are county employee participants. Two members, who have no beneficiary interest in CERF, are appointed by the Governor of Missouri. The Board of Directors has the authority to adopt rules and regulations for administering the system.

CERF is a mandatory cost-sharing multiple employer retirement system for each county in the state of Missouri, except any city not within a county (which excludes the City of St. Louis) and counties of the first classification with a charter form of government. CERF covers county elective or appointive officers or employees whose position requires the actual performance of duties not less than 1,000 hours per year; including employees of circuit courts located in a first class, non-charter county which is not participating in the Local Government Employees Retirement System (LAGERS); and does not cover circuit clerks, deputy circuit clerks, county prosecuting attorneys, and county sheriffs. Until January 1, 2000, employees hired before January 1, 2000 could opt out of the system. CERF is a defined benefit plan providing retirement and death benefits to its members. All benefits vest after 8 years of creditable service. Employees who retire on or after age 62 are entitled to an allowance for life based on the form of payment selected. The normal form of payment is a single life annuity. Optional joint and survivor annuity and 10-year certain and life annuity payments are also offered to members in order to provide benefits to a named survivor annuitant after their death. Employees who have a minimum of 8 years of creditable service may retire with an early retirement benefit and receive a reduced allowance after attaining age 55. Annual cost-of-living adjustments, not to exceed 1%, are provided for eligible retirees and survivor annuitants, up to a lifetime maximum of 50% of the

initial benefit which the member received upon retirement. Benefit provisions are fixed by state statute and may be amended only by action of the Missouri Legislature. Administrative expenses for the operation of CERF are paid out of the funds of the system.

Contributions: Prior to January 1, 2003, participating county employees, except for those who participated in LAGERS, were required to make contributions equal to 2% of gross compensation. Effective January 1, 2003, participating county employees hired on or after February 25, 2002 are required to make contributions of 4% if they are in a LAGERS county and contributions of 6% if they are in a non-LAGERS county. If an employee leaves covered employment before attaining 8 years of creditable service, accumulated employee contributions are refunded to the employee. The contribution rate is set by state statute and may be amended only by action of the Missouri Legislature.

Counties may elect to make all or a portion of the required 4% contribution on behalf of employees. Total county-paid member contributions for the years ended December 31, 2010 and 2009 were $1,078,475 and $783,752, respectively.

In addition, the following fees and penalties prescribed under Missouri law are required to be collected and remitted to CERF by counties covered by the plan:

* Late fees on filing of personal property tax declarations
* Twenty dollars for each merchants and manufacturers license issued
* Six dollars on each document recorded or filed with county recorders of deeds, with an additional one dollar on each document recorded
* Three sevenths of the fee on delinquent property taxes
* Interest earned on investment of the above collections prior to remittance to CERF

Members: CERF members include eligible employees of 111 counties in the State of Missouri. The number of members and benefit recipients served by the system at December 31, 2010 and 2009 were:

	2010	2009
Retirees and beneficiaries receiving benefits	3,144	2,926
Terminated employees entitled to but not yet receiving benefits	1,670	1,532
Current active plan members	11,015	11,248
Total	15,829	15,706

Tax status: The Internal Revenue Service has determined and informed CERF by letter dated January 16, 2001, that the plan as amended through May 1, 2000 is in a form acceptable under the Internal Revenue Code.

3. FUNDED STATUS AND FUNDING PROGRESS:

The funded status of the plan as of June 30, 2010, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b)-(a))/(c)
6/30/10	$ 294,482,927	$ 423,561,319	$ 129,078,392	69.5%	$ 361,334,336	35.7%

The schedule of funding progress, presented as required supplementary information (RSI) following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2010
Actuarial Cost Method	Entry Age
Amortization Method	Level percent, closed period
Remaining Amortization Period	14.5 years
Asset Valuation Method	5 year smoothed market
Actuarial Assumptions:	
Investments rate of return	8%
Projected salary increases*	0.2% - 7.6%
Cost-of-living adjustments	1%

*Includes inflation component of 3.0%

4. DEPOSITS AND INVESTMENTS

Custodial Credit Risk for Deposits: Custodial credit risk is the risk that in the event of a bank failure, CERF's deposits may not be returned to it. At December 31, 2010 and 2009, CERF's bank balances were secured by a combination of federal depository insurance and pledged collateral held in CERF's name by an agent of the depository bank.

Investments: Funds are invested by outside managers under policies established by the Board of Directors. The Board requires that its investment managers invest CERF's assets with the care, skill, and diligence a prudent person familiar with such matters acting in a like capacity would use in a similar enterprise with like objectives.

The following table summarizes CERF investments by type at December 31, 2010 and 2009:

	2010	2009
U.S. government and agencies securities	$ 16,172,958	$ 16,404,476
Foreign bonds	7,291,299	3,791,806
Corporate bonds and notes	24,008,816	22,182,079
Domestic stocks	116,857,296	96,333,015
International equities funds	46,915,852	42,778,792
Private equity	1,758,387	1,662,804
Hedge funds	67,669,259	60,037,227
Real estate fund	7,781,580	4,975,007
Cash equivalents	10,909,431	7,597,933
Total	$ 299,364,878	$ 255,763,139

CERF's investment policy permits investments in equity and fixed income (debt) securities and real estate, with guidelines for the percentage of the total for each category and for the type of investments within each category.

Investment income in the Statement of Changes in Plan Net Assets displays the realized and unrealized investment gains and losses from all investment types on the line item "Net appreciation in fair value of investments". Totals for interest, dividends and other types of investment income are presented by broad categories of investments.

With respect to debt securities, the policy permits fixed and variable rate securities issued or guaranteed by the U.S. government, its agencies or instrumentalities; and U.S. government sponsored and other corporation securities. To manage interest rate and credit risks, two investment managers are used for debt securities, each operating under specific guidelines with respect to approved securities, duration, diversification, and minimum quality ratings by Moody's or Standard and Poors.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. This risk is managed within the portfolio using the option-adjusted methodology. The Fund benchmarks the fixed income portfolio to the Barclays Capital Aggregate Bond Index. At December 31, 2010, the effective duration of the Barclays Capital Aggregate Bond Index was 5.70 years, whereas, CERF's fixed income portfolio had an effective duration of 6.00 years. At December 31, 2009, the effective duration of the Barclays Capital Aggregate Bond Index was 5.18 years, whereas, CERF's fixed income portfolio had an effective duration of 5.63 years. The following table summarizes duration by investment type as of December 31, 2010:

Investment	2010 Fair Value	Effective Duration Rate
U.S. Treasuries	$ 7,451,184	9.60 years
U.S. agencies mortgage pool	8,721,774	3.45 years
Commercial mortgage backed securities	3,912,296	4.02 years
Other asset backed securities	1,233,213	2.28 years
U.S. corporate - financial	4,641,500	5.84 years
U.S. corporate - industrial	13,054,274	6.12 years
U.S. corporate - utility	1,167,533	6.79 years
International	7,291,299	6.76 years
Preferred stock	99,235	7.78 years
Total	$ 47,572,308	

The following table summarizes duration by investment type as of December 31, 2009:

Investment	2009 Fair Value	Effective Duration Rate
U.S. Treasuries	$ 7,389,044	3.15 years
U.S. agencies	1,315,013	7.74 years
U.S. agencies mortgage pool	7,700,419	2.82 years
Commercial mortgage backed securities	3,301,838	4.00 years
Other asset backed securities	322,374	1.99 years
U.S. corporate - financial	5,126,209	5.57 years
U.S. corporate - industrial	11,227,853	8.26 years
U.S. corporate - utility	2,203,805	7.64 years
International	3,791,806	7.93 years
Preferred stock	69,208	8.54 years
Total	$ 42,447,569	

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the plan. CERF's debt securities investments by credit rating category as of December 31, 2010 are presented in the following table.

Credit Rating Level	Total	U.S. Treasuries and Direct-Guaranteed Agencies	U.S. Sponsored Agencies - Mortgage Pools	Commercial Mortgage Backed Securties	Other Commercial Asset Backed Securites	U.S. Corporate - Financial	U.S. Corporate - Industrial	U.S. Corporate - Utility	Foreign	Preferred/ Equity
Guaranteed	$ 7,451,184	$ 7,451,184	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Aaa	13,053,960	-	8,721,774	3,239,674	1,092,512	-	-	-	-	-
Aa1	1,418,642	-	-	-	50,271	848,735	-	-	519,636	
Aa3	-	-	-	-	-	-	-	-	-	-
A1	5,096,297	-	-	672,622	90,430	2,177,416	-	-	2,155,829	-
Baa1	9,431,895	-	-	-	-	686,621	5,962,738	537,951	2,244,585	-
Ba1	6,914,204	-	-	-	-	288,834	4,503,192	629,582	1,492,596	-
B1	4,042,433	-	-	-	-	639,894	2,523,886	-	878,653	-
CCC	163,693	-	-	-	-	-	64,458	-	-	99,235
Total	$ 47,572,308	$ 7,451,184	$ 8,721,774	$ 3,912,296	$ 1,233,213	$ 4,641,500	$ 13,054,274	$ 1,167,533	$ 7,291,299	$ 99,235

CERF's debt securities investments by credit rating category as of December 31, 2009 are presented in the following table.

Credit Rating Level	Total	U.S. Treasuries and Direct-Guaranteed Agencies	U.S. Sponsored Agencies	U.S. Sponsored Agencies - Mortgage Pools	Commercial Mortgage Backed Securties	Other Commercial Asset Backed Securites	U.S. Corporate - Financial	U.S. Corporate - Industrial	U.S. Corporate - Utility	Foreign	Preferred/ Equity
Guaranteed	$ 7,389,044	$ 7,389,044	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -
Aaa	11,176,759	-	-	7,696,373	3,210,097	270,289	-	-	-	-	-
Aa3	3,290,948	-	304,544	-	-	52,085	1,374,783	-	-	1,559,536	-
A1	3,856,155	-	683,106	-	91,741	-	2,659,844	317,768	103,696	-	-
Baa1	12,205,250	-	327,363	-	-	-	687,541	8,217,373	1,670,645	1,302,328	-
Ba1	2,850,062	-	-	-	-	-	-	1,694,247	429,464	726,351	-
Ba3	934,270	-	-	-	-	-	-	934,270	-	-	-
B1	207,637	-	-	4,046	-	-	-	-	-	203,591	-
CCC	537,444	-	-	-	-	-	404,041	64,195	-	-	69,208
Total	$ 42,447,569	$ 7,389,044	$ 1,315,013	$ 7,700,419	$ 3,301,838	$ 322,374	$ 5,126,209	$ 11,227,853	$ 2,203,805	$ 3,791,806	$ 69,208

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a plan's investment in a single issuer. CERF's investment guidelines require diversified portfolios with no single issue, excluding U.S. government securities, being greater than 5% of each manager's total portfolio value at cost or 7% at market value. As of December 31, 2010 and 2009, no single issue exceeded the 5% threshold.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The following is a summary of CERF's foreign bonds and international equities funds showing the exposure to foreign currency risk as of December 31, 2010 and 2009:

	2010	2009
Argentina Peso	$ 340,000	$ -
Australian Dollar	297,893	211,897
Bermuda Dollar	281,636	522,003
Brazilian Real	1,167,653	1,625,407
Canadian Dollar	1,869,356	508,604
Cayman Islands Dollar	1,346,978	815,368
Chilean Peso	152,320	-
China Yuan Renminbi	1,439,818	837,390
Denmark Danish Krone	71,135	184,510
Euro	18,145,697	18,836,920
Hong Kong Dollar	3,670,045	668,686
Indian Rupee	182,046	340,633
Indonesian Rupiah	110,500	230,625
Japanese Yen	10,779,536	8,089,028
Liberian Dollar	160,550	150,313
Mexico Peso	761,497	808,372
New Zealand Dollar	209,657	188,348
Norwegian Krone	-	56,772
Singapore Dollar	315,988	283,861
South Korean Won	1,083,965	1,775,931
Swiss Franc	3,037,587	2,934,384
Taiwan New Dollars	-	198,703
Thai Baht	225,750	202,650
Turkish Lira	16,550	-
United Arab Emirates Dirham	247,185	299,808
United Kingdom Pound	7,561,782	6,395,908
United States Dollar	732,027	404,477
Total Foreign Securities	$ 54,207,151	$ 46,570,598

Securities Lending Program:

Description of the Program: CERF participates in a securities lending program administered by KeyBank National Association (the custodian). Under this program, the Board of Directors has authorized CERF to lend its securities to broker-dealers with a simultaneous agreement to return the collateral for the same securities in the future. At the initiation of a loan, borrowers are required to provide cash collateral at 102% of the market value of loaned securities. This cash collateral is then invested in certain qualified

investments as detailed in the securities lending agreement. The maturities of the investments made with cash collateral do not generally match the maturity of security loans. There are no restrictions on the amount of securities that can be lent at one time. CERF does not have the ability to pledge or sell collateral securities unless the borrower defaults. CERF and the borrowers each maintained the right to terminate all security lending transactions on demand.

Transactions with Borrowers During the Period: Securities lent as of December 31, 2010 and 2009 consisted of U.S. government and agency securities, U.S. equities, U.S. corporate bonds, and mortgage backed securities. The average term of securities loans was 1 day at December 31, 2010 and 2009. The fair value, including accrued interest, of securities on loan was $66,041,035 and $63,997,392, as of December 31, 2010 and 2009, respectively. Because the fair value of collateral held exceeded the fair value of securities lent at December 31, 2010 and 2009, CERF had no credit risk exposure to borrowers as of those dates. There were no losses during the year resulting from a default of the borrowers or the custodial bank.

Investment of Cash Collateral During the Period: The weighted average duration of collateral investments at December 31, 2010 and 2009 was 1.0 days. The fair value of collateral investments was $66,341,156 and $65,086,203 as of December 31, 2010 and 2009, respectively. CERF's securities lending policy states that in the event a security held in the collateral investments portfolio is downgraded below A3 by Moody's or A- by Standard and Poors that a potential course of action be discussed. Such potential actions include selling the security as soon as possible or holding the security in the hopes of an improved market. As of December 31, 2010, 2.40%, or $1,589,420, of the total market value of the collateral investments portfolio was in securities that had fallen below these minimum ratings thresholds. As of December 31, 2009, 4.25%, or $2,768,375, of the total market value of the collateral investments portfolio was in securities that had fallen below these minimum ratings thresholds. The fair value of collateral investments was $1,935,298 and $1,548,544 less than the liability for the collateral held for securities on loan as of December 31, 2010 and 2009, respectively. The agreement between CERF and the securities lending agent does not provide for indemnification to CERF for any loss incurred as a result of CERF's participation in the program.

Securities Lending Income: Security lending income from CERF's share of income on investments made from cash collateral less borrower rebates and fees of the securities lending agent was $85,899 and $56,475 for 2010 and 2009, respectively.

The following table summarizes duration by investment type as of December 31 for securities lending invested collateral subject to interest rate risk:

	2010		2009	
Investment	Fair Value	Effective Duration Rate	Fair Value	Effective Duration Rate
Repurchase agreements	$ 57,000,000	1-41 days	$ 34,381,219	1 day
Money market funds	7,751,736	1 day	28,068,342	1 day
Corporate notes	1,589,420	1-272 days	2,636,642	217-273 days
Total	$ 66,341,156		$ 65,086,203	

The following table summarizes credit ratings by investment type as of December 31 for securities lending invested collateral subject to credit risk:

Moody's Credit Rating Level	2010 Repurchase Agreements	2010 Money Market Funds	2010 Corporate Notes	2009 Repurchase Agreements	2009 Money Market Funds	2009 Corporate Notes
Not rated	$ 57,000,000	$ -	1,589,420	$ 34,381,219	$ -	2,636,642
Aaa	-	7,751,736	-	-	27,936,609	-
Caa	-	-	-	-	131,733	-
Total	$ 57,000,000	$ 7,751,736	$ 1,589,420	$ 34,381,219	$ 28,068,342	$ 2,636,642

5. CAPITAL ASSETS

Capital assets consist of the following as of December 31, 2010:

	January 1, 2010	Additions	Disposals and Adjustments	December 31, 2010
Assets not being depreciated:				
Land	$ 932,050	$ -	$ -	$ 932,050
Assets being depreciated:				
Building	3,022,819	-	-	3,022,819
Equipment, furnishings and computer software	1,737,842	15,338	(11,278)	1,741,902
Total assets being depreciated	4,760,661	15,338	(11,278)	4,764,721
Less accumulated depreciation	1,988,886	116,971	(11,278)	2,094,579
Net assets being depreciated	2,771,775	(101,633)	-	2,670,142
Total capital assets	$ 3,703,825	$ (101,633)	$ -	$ 3,602,192

Capital assets consist of the following as of December 31, 2009:

	January 1, 2009	Additions	Disposals	December 31, 2009
Assets not being depreciated:				
Land	$ 932,050	$ -	$ -	$ 932,050
Assets being depreciated:				
Building	3,022,819	-	-	3,022,819
Equipment, furnishings and computer software	1,738,405	7,158	(7,721)	1,737,842
Total assets being depreciated	4,761,224	7,158	(7,721)	4,760,661
Less accumulated depreciation	1,812,860	183,747	(7,721)	1,988,886
Net assets being depreciated	2,948,364	(176,589)	-	2,771,775
Total capital assets	$ 3,880,414	$ (176,589)	$ -	$ 3,703,825

6. PRIOR SERVICE CONTRIBUTIONS

An eligible county employee who was employed prior to CERF's inception on August 28, 1994, is considered to have prior service. If the employee was working on June 10, 1999, and worked through January 1, 2000, the prior service is awarded. This means the employee does not have to purchase the service to have it deemed creditable. If the employee did not work continually from June 10, 1999 through January 1, 2000, the prior service must be purchased to become creditable. The prior service is calculated at the time of retirement and can be paid in one lump sum or over a period of up to 48 months. The monthly pension benefit is reduced by the buyback amount until the prior service has been paid in full.

An eligible county employee who was employed on January 1, 1990, but not employed on August 28, 1994, and who had at least eight years of service is classified as a special consultant. A special consultant can elect to purchase eight years or more of their service in order to receive a CERF benefit. Since a special consultant would have terminated employment prior to CERF's inception, they are required to make a larger buyback and
must pay at least 50% of this amount up front. The remaining amount is deducted from the monthly pension benefit for up to 48 months.

An eligible county employee who opted out of the system prior to January 1, 2000 had the option to become a member within three months of the three year anniversary of the decision to opt out. Upon deciding to opt in to the system, such employee either purchased in total or began payroll deductions to purchase all or part of his prior creditable service plus interest over a maximum period of four years. Such amounts are recognized as contributions when received by CERF.

The receivables for member prior service contributions shown on the accompanying statements of net assets represent the total amount, as of December 31, 2010 and 2009, that is due in future periods from retirees who have elected to purchase prior service.

7. RETIREMENT PLANS FOR FUND EMPLOYEES

All full-time employees of CERF are eligible for participation in a defined contribution plan. CERF contributes 6% of a participating employee's monthly gross salary to the plan. The contribution requirements of the plan are governed by the plan document, which may be amended by the Board of Directors. Employees do not contribute to the retirement plan. Employees become vested in contributions made by CERF after 5 years of creditable service. Total contributions for the year ended December 31, 2010 and 2009 were $45,434 and $43,388, respectively.

All full-time employees are eligible for participation in an Internal Revenue Code (IRC) 457 deferred compensation plan upon their eligibility in the defined contribution plan.

8. DEFINED CONTRIBUTION AND DEFERRED COMPENSATION PLANS

Plan Description: Effective January 1, 2000, CERF also administers a defined contribution plan and an IRC Section 457 deferred compensation plan. The plans were established to provide an opportunity for members of the pension plan to have additional retirement benefits. The plans' provisions and contribution requirements are established and may be amended only by action of the Missouri Legislature. Members of the pension plan are eligible to participate.

Contributions: Pension plan members who are not members of LAGERS are required to contribute 0.7% of gross compensation to the defined contribution plan. Contributions of $743,958 and $756,015 were made during the years ended December 31, 2010 and 2009, respectively. Participation in the 457 plan is voluntary. The level of contributions to the 457 plan is elected by the employee, subject to the limitations of IRC Sections

401(a) and 457. CERF's Board of Directors determines if matching contributions from the pension plan trust funds for a calendar year will be made to the defined contribution plan accounts of those who participated in the 457 plan. The amount of any matching contribution is determined by the Board, and is limited to an amount not needed to keep the pension plan actuarially sound. The matching contribution is also limited to 50% of a member's voluntary contributions to the 457 plan, up to 3% of the member's compensation. Members vest in the matching portion of contributions allocated to their respective accounts after five years of creditable service. Matching contributions for the years ended December 31, 2010 and 2009 were $2,126,632 and $2,005,611, respectively.

Administration: Maintenance of individual member accounts and custody of assets have been contracted to a third party administrator and investment custodian, respectively. Member contributions are sent directly to the third party administrator by the counties. Members can self-direct investments of their contributions and their respective share of matching contributions in a number of investment options. Separate trust funds are maintained for the defined contribution and 457 plan assets.

Because CERF does not hold the plans' assets and does not have significant administrative responsibilities, the plans' assets and changes in net assets are not reported in CERF's financial statements.

9. RISK MANAGEMENT

CERF is exposed to various risks of loss related to natural disasters, errors and omission, loss of assets, torts, etc. CERF has chosen to cover such losses through the purchase of commercial insurance. There have been no significant insurance claims filed or paid during the past three years.

10. COMMITMENTS

CERF had total unfunded capital commitments to a private equity limited partnership investment fund of $8,195,699 and $8,324,831 as of December 2010 and 2009, respectively.

COUNTY EMPLOYEES' RETIREMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2010

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b)-(a))/(c)
12/31/05	$ 197,722,089	$ 272,270,967	$ 74,548,878	72.6%	$ 301,692,241	24.7%
12/31/06	233,046,479	298,184,874	65,138,395	78.2%	317,301,810	20.5%
6/30/07	254,803,856	308,563,489	53,759,633	82.6%	320,317,003	16.8%
6/30/08	271,146,789	364,213,668	93,066,879	74.4%	335,961,755	27.7%
6/30/09	270,397,854	396,537,305	126,139,451	68.2%	352,719,824	35.8%
6/30/10	294,482,927	423,561,319	129,078,392	69.5%	361,334,336	35.7%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31,	Required Contribution	Actual Contribution	Percentage Contributed
2005	$ 13,644,088	$ 18,329,258	134.3%
2006	13,447,802	18,923,599	140.7%
Six Months Ended June 30,			
2007	6,474,975	11,656,551	180.0%
Years Ended June 30,			
2008	11,930,574	20,000,450	167.6%
2009	16,011,408	19,994,180	124.9%
2010	19,095,323	19,815,866	103.8%

COUNTY EMPLOYEES' RETIREMENT FUND

SCHEDULES OF ADMINISTRATIVE EXPENSES
For the Years Ended December 31, 2010 and 2009

	2010	2009
Personal services		
Staff salaries	$ 759,452	$ 746,133
Social security	52,803	52,964
Retirement	45,434	43,388
Insurance	130,182	122,079
Total personal services	987,871	964,564
Professional services		
Actuarial	155,168	152,786
Audit	48,792	45,533
Legal counsel	145,512	182,048
Legislative consultant	67,000	67,000
Plan design and implementation consultants	23,761	20,264
Total professional services	440,233	467,631
Communication		
Printing	19,534	20,823
Postage	21,703	20,054
Telephone	24,784	23,874
Total communication	66,021	64,751
Rentals		
Equipment leasing and maintenance	30,345	32,066
Total rentals	30,345	32,066
Depreciation	116,972	183,747
Miscellaneous		
Utilities	21,555	20,280
Board of directors expenses	12,966	15,728
Business risk insurance premiums	64,086	63,064
Staff development	20,051	23,069
Office	81,879	83,558
Property taxes	-	586
Total miscellaneous	200,537	206,285
Total administrative expenses	$ 1,841,979	$ 1,919,044

COUNTY EMPLOYEES' RETIREMENT FUND

SCHEDULES OF INVESTMENT EXPENSES
For the Years Ended December 31, 2010 and 2009

	2010	2009
Investment management expenses		
Domestic stocks	$ 757,183	$ 600,482
International stocks	225,056	205,757
Bonds	153,013	134,101
Private equity	32,145	-
Real estate	76,971	81,648
Total investment management expenses	1,244,368	1,021,988
Other investment expenses		
Investment consultants	127,537	107,707
Investment custodian	97,323	87,169
Bank depository	8,006	8,864
Total other investment expenses	232,866	203,740
Total investment expenses	$ 1,477,234	$ 1,225,728
Securities lending expenses		
Borrower rebates	$ 134,186	$ 210,780
Agent fees	20,758	17,040
Total securities lending expenses	$ 154,944	$ 227,820